



CITY COUNCIL

Finance Committee

**Monday, May 7, 2007
Meeting Report**

Committee Members in Attendance: M. Goodman-Hinnershitz, Chair, J. Waltman, S. Fuhs

Others Attending: C. Weidel, C. Younger, L. Churchill, R. Hottenstein, L. Kelleher, M. Vind, V. Spencer

Ms. Goodman-Hinnershitz called the meeting to order at 5:00p.m.

I. Budget Summit Agenda

The Committee agreed with the need to discuss the revenue and expenditures first and save policy discussion issues (pension, impact of contracted services vs. City hiring, revitalization housing strategy, land value tax, water/sewer issues).

The Committee also agreed with the need to review the City's current fines and fees and make recommendations where appropriate. Ms. Kelleher stated that in some cases fines and fees have not been moderated since the mid 1980's. Mr. Hottenstein stated that the Administration has been working with Maximus on a proposal that would review all the City's fines and fees. The Administration expects to bring the proposal to Council over the summer months. He explained that the study will show the cost of the service provided which is used to justify the fees and administrative expenses. The City is also currently considering a contract with Maximus to form an indirect cost study. He stated that including the indirect cost study with the fees and fines review will cost approximately \$55,000.

Mr. Waltman noted the importance of identifying revenue adjustments that will support the budgetary expenditures at the beginning rather than at the end of the budget process.

The Committee discussed the change to new land value two tier tax for 2008. Mr. Hottenstein suggested beginning discussions on the land value tax early 2008 for implementation in 2009.

Mr. Spencer noted the need for Council and the Administration to have early discussions on issues that will affect major programs, personnel cuts, new programs, etc. Ms. Goodman-Hinnershitz noted the different perspectives of Council and the Administration and agreed with the need for the parties to discuss and compromise continuously.

Ms. Goodman-Hinnershitz suggested discussing revenues in the morning portion of the budget summit and the expenditures in the afternoon.

Mr. Waltman suggested adding programmatic issues such as Office of Neighborhood Development, Codes, etc. to the expenditure discussions.

Mr. Churchill agreed noting the need for additional brainstorming on service delivery. He stated that the Administration will be bringing a request to Council to add zoning enforcement personnel. He stated that this new position should be cost neutral. He stated that currently the Zoning Administrator is charged with handling the permitting process and the enforcement process. He stated that currently the Zoning Administrator has a three month backlog in the permitting area. The increase in requests for zoning permits has not allowed the Zoning Administrator to focus on enforcement. He noted the importance of enforcement in combination with code services. Mr. Waltman agreed with the need for an approach which will provide a return on investment.

Ms. Goodman-Hinnershitz and Mr. Fuhs suggested examining a five year projection on the costs of programs. This examination will help Council and the Administration determine the effectiveness of City programs and assist in the decision to either continue or eliminate the program.

II. Outstanding Debt

Mr. Vind, of Financial Solutions, gave a background on the City's outstanding debt calling Council's attention to some handouts showing the City's general obligation debt service (including the authorized 2008 sewer bonds) from 2007 to 2033.

Mr. Hottenstein stated that the City will be seeking a combination of PennVest and bond financing to cover the sewer project. He noted that future sewer financing will include options and estimates to reduce costs and soften the debt.

Mr. Waltman requested additional information on the general fund debt stratification and the annual debt payment.

Mr. Hottenstein noted that the sewer expense will be shared with all participating municipalities. However, the rates charged to outlying municipalities run one year behind. He explained the need for the sewer project to be self liquidating.

Ms. Goodman-Hinnershitz noted the need for continued discussion with the full body of Council.

Mr. Fuhs noted the estimate of \$250 million to improve the waste water treatment plant does not consider the \$250 million minimum needed to improve the sewer transportation system.

Mr. Hottenstein stated that the cost of the plant improvements will require the sewer rate to double over the next four year period. He next explained the PennVest process and the need for the City to be prepared and request support and endorsement of State elected officials.

Mr. Waltman repeated the need for the review of projections to address the cost debt and length of repayment options sooner rather than later. Mr. Churchill stated that he can respond to this request at the next Finance Committee meeting making some basic assumptions.

Mr. Spencer noted the need for Council and State legislators to have advance notice when the Administration is considering applying for government finance programs.

Mr. Waltman noted the need to assess the economic impact of the waste water treatment project as a whole.

III. Park and Rec Endowment Fund

Mr. Waltman suggested making a separate parks and recreation trust with an initial City contribution. The creation of a separate trust will provide citizens with the ability to make contributions for the life of the trust program.

Ms. Goodman-Hinnershitz suggested that Council also consider creating a separate trust for the Pagoda.

Mr. Waltman and Mr. Fuhs noted the severe woodland clearing that occurred at the Pagoda. They expressed the belief that this 200 yard clearing seems excessive adding that a more proper approach would have been to remove trees in a ring around the Pagoda rather than creating a gash on the mountain front.

Mr. Churchill noted that the Administration currently does not have a landscape plan for the reuse of the land cleared. Mr. Hottenstein stated that the Administration is currently getting architectural plans for the Pagoda and surrounding area.

Ms. Goodman-Hinnershitz inquired if the Berks Community Foundation should be contacted regarding the park and rec foundation. Mr. Churchill also noted our ability to use an agency fund to provide for the continuation of parks and recreation program funding.

Discussions returned to the excessive clearing around the Pagoda. Mr. Fuhs noted that if clearing was needed for fire prevention the Administration should have addressed all trees surrounding the perimeter of the Pagoda not only those on the mountain front.

IV. Special Events Coordinator Contract

Mr. Fuhs and Mr. Spencer took issue with the \$49,000 contract which includes a percentage commission on sponsorships and donations received. They stated that the addition of the commission will push the contract over \$50,000 and thereby requiring Council approval. Mr. Churchill replied that the commission is not guaranteed. He noted that donations and sponsorship money will not be enjoyed by the City.

Mr. Fuhs took issue with the dishonest process of reducing the contract cost to be just under the cap to avoid Council consideration of the contract. He expressed the belief that as the overall cost of the service will be over \$60,000 the Administration must seek Council approval.

Mr. Spencer agreed noting that the Administration continues to be deceptive and not bring all pertinent information forward. He provided examples stressing that Council did not learn of the new three part time positions to service the Pagoda until when at the work session he questioned how the Special Events Coordinator will be able to manage the Coffee House plus attend to all the other meetings and events described by Mr. Churchill.

Mr. Churchill stated that the salaries of the part time workers are expected to be covered by revenues generated at the Pagoda. Any gap will be covered by the City.

Mr. Waltman questioned the rationale behind a City subsidized coffee house. He noted Council's difficulty in justifying this expense to the taxpayers. He noted that there are many other regional approaches to achieve the end result desired.

Ms. Goodman-Hinnershitz agreed that someone or some organization needs to oversee and manage the Pagoda. However, she stated that she could more easily support this program if a use bid had been performed.

Mr. Churchill explained that the annual loss is expected to be under \$10,000. He stated that he's unsure of the setup costs.

Mr. Waltman and Mr. Spencer inquired why these plans for a special events coordinator and for the tree removal at the Pagoda are not brought forward for Council review. Mr. Churchill and Mr. Younger expressed the belief that the Mayor can undertake these projects without Council approval.

V. Sidewalk Café Permit Fee

Mr. Churchill provided background on the proposed sidewalk café permit fee. He stated that administrative costs (permit application process and enforcement) are \$640 per year. He stated that the Administration suggests charging a \$150 fee to mini cafes and a \$250 fee to large sidewalk cafes.

Mr. Spencer suggested reviewing the Harrisburg ordinance and seeking advice on the City's proposed ordinance and fees with legal counsel in Harrisburg. He asked Ms. Kelleher to follow up accordingly.

There was next discussion on the permit fee itself. Mr. Waltman took issue with the fee overall. Mr. Fuhs took issue with the charge of \$150 to mini cafes.

Reading Eagle reporter Don Spatz suggested charging per table. Ms. Kelleher stated that some cities do charge per table or per chair but this approach creates an enforcement problem as codes officials would then have to do occasional checks on the number of tables or chairs being used any particular day.

Mr. Churchill suggested using the \$150 charge for mini cafés and \$250 for larger cafes but waiving the permit renewal fee if the operating business has no violations or codes citations over the previous year.

Mr. Waltman disagreed with the need for businesses to submit plans as the same space limitations apply to all, since review of individual plans can lead to intense interpretation by the codes department.

Ms. Goodman-Hinnershitz suggested charging \$50 per table to all sidewalk cafes.

Mr. Fuhs noted the difficulty a small café will have in generating a profit to cover the expense when a large café can cover that expense in a week's time.

The Finance Committee meeting adjourned at 7:45 pm.

Respectfully submitted by,

Linda Kelleher
City Clerk